DEPARTMENT OF PERSONNEL ADMINISTRATION

OFFICE OF THE DIRECTOR
1515 "S" STREET, NORTH BUILDING, SUITE 400
SACRAMENTO, CA 95811-7258

October 11, 2011

The Honorable Mark Leno
Chair, Joint Legislative Budget Committee
State Capitol, Room 5035
Sacramento, California 95814

Re: **Addenda for Bargaining Units (BU) 1, 3, 4, 11, 14, 15, 17, 20, 21 – Service Employees International Union (SEIU, 1000), Bargaining Unit 6 – California Correctional Peace Officers' Association (CCPOA), Bargaining Units 12 and 13 – International Union of Operating Engineers (IUOE), Bargaining Unit 16 – Union of American Physicians and Dentists (UAPD), Bargaining Unit 18 – California Association of Psychiatric Technicians (CAPT) and Bargaining Unit 19 – American Federation of State, County and Municipal Employees (AFSCME)**

Addenda to Memoranda of Understanding: Realignment

This notification is respectfully submitted to advise you that as part of the historic realignment of California's state corrections functions, the Department of Personnel Administration and the California Department of Corrections and Rehabilitation (CDCR) recently reached agreement on an alternative layoff process for employees with SEIU 1000 (representing state Bargaining Units 1, 3, 4, 11, 14, 15, 17, 20, and 21), CCPOA (representing state Bargaining Unit 6), IUOE (representing state Bargaining Units 12 and 13), UAPD (representing state Bargaining Unit 16), CAPT (representing state Bargaining Unit 18) and AFSCME (representing state Bargaining Unit 19). These agreements are addenda to the Bargaining Units' current memoranda of understanding (MOU).

As you are aware, layoffs have become necessary because the parolee and inmate population under the jurisdiction of the CDCR will drop as realignment takes effect over the next several years. The state proactively sought union cooperation on an alternative layoff process to help speed up an otherwise lengthy and often litigious process, in which layoffs would take an average of six to nine months to complete. As a result of reaching an agreement with the unions, the state will avoid the potential legal costs of defending the layoffs because such challenges were waived by the unions that signed these MOU addenda. Litigation could have significantly jeopardized the ability of the CDCR to achieve its budgeted level of savings.

Specifically, the agreed upon alternative layoff process incorporates structured opportunities for employees who voluntarily transfer to remaining vacancies. This voluntary transfer process will facilitate the movement of staff to chronically vacant positions at hard to fill locations throughout the state and accelerate the movement of staff currently in positions being eliminated to those vacancies. Encouraging employees to voluntarily transfer early in the layoff process will enable CDCR to realize an additional one to two months of position savings compared to a traditional layoff process. When combined with a "county-wide" area of layoff plan to ensure the timely elimination of positions that will no longer be necessary, this new approach provides the best opportunity to achieve the realignment savings assumed in the CDCR budget.

Under the addenda, CDCR will offer incentive payments to encourage employees to transfer sooner than they would under a traditional layoff process. Absent such acceleration, the CDCR would have to involuntarily redirect staff until the layoff process is completed to reduce excess staffing situations created by population reductions and fill critical vacancies at other prisons. Under the current MOUs, staff may be redirected involuntarily for up to 30 days and they are eligible to receive reimbursement for daily expenses for meals, accommodations, travel and incidentals. The average reimbursement under the existing MOU would have cost $4,050 per month. Absent the addenda, it would be more cost effective for CDCR to involuntarily redirect staff to critical vacancies because it would immediately reduce expenses for unnecessary staff and allow for a reduction of overtime at other prisons.

However, the negotiated incentives in these agreements are more cost effective when compared to the existing MOUs because the average reimbursement rate of $3,750 is lower and it encourages movement of staff to prisons with significant vacancies in a timelier manner. This achieves two objectives: 1) it fills vacancies at certain prisons which generally offset overtime costs and 2) it allows the CDCR to immediately score savings associated with the vacated position. Any employees who decline these transfer options will be subject to the county-wide layoff process.

Finally, under the negotiated agreements no employees will be entitled to relocation costs associated with their move. Absent this agreement, some employees would have been entitled to receive reimbursement for relocation expenses that could have averaged up to $30,000.

These agreements are effective until the state's prison realignment program is completed. Because these addenda will expedite the layoff process they will save the state $13 million in the current fiscal year compared to a traditional layoff process. The attached addenda will become effective upon review and determination by the Joint Legislative Budget Committee (JLBC) that these agreements reduce costs, are within the original framework of the MOUs, and that no further legislative action is needed. To achieve the savings associated with these agreements in a timely fashion, we respectfully request a one week expedited review of these agreements by the JLBC.

Sincerely,

Ronald Yank
Director

Attachments

cc: Members, Joint Legislative Budget Committee

Jody Martin, Principal Consultant
Joint Legislative Budget Committee

Gareth Elliot, Legislative Affairs Secretary
Office of Governor Brown

Mac Taylor, Legislative Analyst
Office of the Legislative Analyst

Matthew Cate, Secretary
Department of Corrections and Rehabilitation

ecc:

Nick Schroeder, Consultant
Office of the Legislative Analyst

Marianne O'Malley, Director Gen. Government
Office of the Legislative Analyst

Richard Gillihan, Asst. Program Budget Manager
Department of Finance

Craig Cornett, Chief Fiscal Policy Advisor
Office of the Pro Tem

Charles Wright, Chief Consultant
Office of the Pro Tem

Chris Woods, Budget Director
Office of the Speaker

Greg Campbell, Chief Consultant
Office of the Speaker

Seren Taylor, Staff Director
Senate Republican Fiscal Office

Chantele Denny, Consultant
Senate Republican Fiscal Office

Anthony Archie, Consultant
Assembly Republican Fiscal Office

Eric Swanson, Staff Director
Assembly Republican Fiscal Office

Keely Bosler, Staff Director
Senate Budget Committee

Kris Kuzmich, Consultant
Senate Budget Committee

Christian Griffith, Staff Director
Assembly Budget Committee

Joe Stephenshaw, Consultant
Assembly Budget Committee

Bob Franzoia, Staff Director
Senate Appropriations Committee

Maureen Ortiz, Consultant
Senate Appropriations Committee

Geoff Long, Chief Consultant
Assembly Appropriations Committee

Roger Dunstan, Consultant
Assembly Appropriations Committee

Pamela Schneider, Consultant
Senate PE&R Committee

Karon Green, Chief Consultant
Assembly PER&SS Committee

Scott Chavez, Consultant
Senate Republican Caucus

Terry Mast, Consultant
Assembly Republican Caucus

Alene Shimazu, Chief
Fiscal Analysis, DPA

Julie Chapman, Deputy Chief
Labor Relations, DPA

Pam Manwiller, Asst. Deputy Chief
Labor Relations, DPA